

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE	)	
WATER SERVICE RATES OF THE CITY OF	)	CASE NO. 99-300
CYNTHIANA, KENTUCKY	)	

ORDER

The Commission, on its own motion, HEREBY ORDERS that:

1. Ordering Paragraph 2 of the Commission's Order of July 22, 1999 is hereby vacated.
2. The procedural schedule set forth in Appendix A to this Order shall be followed.
3. All requests for information and responses thereto shall be appropriately indexed. All responses shall include the name of the witness who will be responsible for responding to the questions related to the information provided, with copies to all parties of record and 6 copies to the Commission.
4. At any hearing in this matter, neither opening statements nor summarization of direct testimony shall be permitted.
5. Motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.
6. All documents that this Order requires to be filed with the Commission shall be served upon the opposing party.
7. To be timely filed with the Commission, a document must be received by the Secretary of the Commission within the specified time for filing except that any

document shall be deemed timely filed if it has been transmitted by United States express mail, or by other recognized mail carriers, with the date the transmitting agency received said document from the sender noted by the transmitting agency on the outside of the container used for transmitting, within the time allowed for filing.

8. Service of any document or pleading shall be made in accordance with Administrative Regulation 807 KAR 5:001, Section 3(7), and Kentucky Civil Rule 5.02.

9. The city of Cynthiana, Kentucky ( Cynthiana ) shall, no later than November 15, 1999, file with the Commission the original and 6 copies of the information listed in Appendix B, with a copy to all parties of record. Each copy of the requested information shall be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Cynthiana shall include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility.

10. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

Done at Frankfort, Kentucky, this 1<sup>st</sup> day of October, 1999.

By the Commission

ATTEST:

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Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 99-300 DATED OCTOBER 1, 1999

- Cynthiana shall file its response to the Commission's initial request  
for information no later than ..... 11/15/1999
- All supplemental requests for information to Cynthiana shall be served  
upon Cynthiana no later than ..... 11/29/1999
- Cynthiana shall file with the Commission and serve upon all parties  
of record its responses to the supplemental requests for information  
no later than ..... 12/13/1999
- Any second set of supplemental requests for information  
shall be served upon Cynthiana no later than ..... 12/27/1999
- Cynthiana shall file with the Commission and serve upon all parties  
of record its responses to all supplemental requests for information  
no later than ..... 01/10/2000
- Intervenor testimony, if any, shall be filed with the Commission  
and served upon all parties of record in verified prepared form  
no later than ..... 01/24/2000
- All requests for information to  
Intervenors shall be served no later than ..... 02/07/2000
- Intervenors shall file with the Commission and serve upon all parties  
of record its responses to requests for information no later than..... 02/21/2000
- Public Hearing is to begin at 9:30 a.m., Eastern Standard  
Time, in the Commission's offices at 211 Sower Boulevard,  
Frankfort, Kentucky, for the purpose of cross-examination of witnesses ..... 03/01/2000

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-300 DATED OCTOBER 1, 1999

1. Provide in written verified form the direct testimony of each witness that Cynthiana intends to call at the scheduled hearing in this matter.

2. Provide the independent auditor s reports for Cynthiana s water and sewer operations for the fiscal years ending June 30, 1998 and June 30, 1999.

3. State the test period upon which Cynthiana bases its proposed rate adjustment.

4. Provide the general ledgers for Cynthiana s water and sewer operations for the proposed test period. These general ledgers shall include all check registers and spreadsheets used to record and track financial transactions.

5. For each outstanding revenue bond issuance related to Cynthiana s water and sewer operations:

a. Provide the bond ordinance or resolution authorizing the issuance of revenue bonds.

b. Provide an amortization schedule.

c. Provide a detailed explanation of why the debt was incurred.

6. List all persons on Cynthiana s payroll during the proposed test period. For each employee, state his or her job duties, total wages paid during the fiscal year, current salary or wage rate, and the percentage of work hours spent performing duties for each city division (e.g., water, sewer, police department, public works) during the fiscal year. If Cynthiana s records do not permit the allocation of an employee s work

hours among city divisions, provide an estimate for each employee and explain how Cynthiana derived the estimate.

7. For each employee listed in Item 6, describe how Cynthiana allocated his or her payroll and payroll overhead charges to each city division for the proposed test period. This response shall include a detailed explanation of all allocation procedures. Payroll overhead charges include payroll taxes, health insurance premiums, pension costs, and any other employee benefit costs.

8. a. List all joint or shared costs that Cynthiana incurred during the proposed test period. For each cost, list the vendor, total expense amount, amounts allocated per division, and the basis for allocation.

b. Describe the procedures to allocate joint and shared costs among Cynthiana's divisions for the proposed test period.

c. Provide all internal memorandum, policy statements, correspondence and documents related to the allocation of joint and shared costs.

9. Provide detailed depreciation schedules for the water and sewer divisions. A separate schedule shall be provided for each division.

10. Provide an adjusted trial balance and audit adjustments for the proposed test period. The trial balance shall be traced and referenced directly to the general ledger requested in Item 4.

11. Provide the Enterprise Funds Uniform Financial Information Report that Cynthiana submitted to the Kentucky Department of Local Government for the fiscal years ending June 30, 1998 and June 30, 1999.

12. a. Complete the table below:

<b>Water Main Size</b>	<b>Total Miles Of Line</b>	<b>Miles Of Lines Jointly Used By Both Cynthiana &amp; Harrison County</b>
16		
14		
12		
10		
8		
6		
4		
2		

b. Who paid for the water main(s) that Cynthiana uses to deliver water to Harrison County Water Association ( Harrison County )?

c. Besides Harrison County, what other customers, if any, does Cynthiana serve from the water mains that it uses to deliver water to Harrison County?

d. For each customer listed in response to Item 12(c), provide his or her monthly water usage for each of the previous 24 months.

13. a. What is the maximum capacity of Cynthiana s water treatment plant?

b. (1) How much of Cynthiana s total water treatment plant capacity is currently reserved for Harrison County?

(2) What changes, if any, does Cynthiana expect within the next three years in the level of water treatment capacity reserved for Harrison County? Why does Cynthiana expect these changes?

14. a. Who owns the master meter(s) through which Cynthiana provides water to Harrison County?

b. Through how many master meters does Cynthiana provide water service to Harrison County?

c. Who is responsible for maintaining these master meters?

15. Provide a system map showing all Cynthiana facilities that are used to serve Harrison County.

16. What portion, if any, of Cynthiana's water main(s) that serve Harrison County is gravity fed?

17. What is Cynthiana's current rate for water service to Harrison County?

18. What is Cynthiana's proposed rate for water service to Harrison County?

19. For each month of the previous 24 months, state Cynthiana's monthly water sales (in gallons) sales to Harrison County.

20. Complete the table below:

City of Cynthiana	Gallons for Test Period
Plant Use	
Line Loss (Unaccounted for)	
Sales to Retail	
Sales to Harrison County	
Total Produced and Purchased	
Total Sold	

21. What types of water service (e.g., service to municipal buildings, fire protection, etc.) are included in the unmetered amount? For each type of service, estimate the percentage of the total unmetered amount.

22. a. When did Cynthiana begin selling water to Harrison County?

b. Who was responsible for developing the rate for water service that Cynthiana charged Harrison County when it first provided water service?

c. How did Cynthiana determine its initial rate for water service to Harrison County?

23. a. When did Cynthiana first prepare or commission a cost-of-service study to determine the appropriate rate for its water service to Harrison County?

b. (1) Who prepared this study?

(2) Provide the preparer's curriculum vitae?

(3) List all cases before the Commission in which the preparer has submitted a cost-of-service study.

(4) List all utilities (municipal or public) for which the preparer has prepared a cost-of-service study. For each utility, identify the type of utility service (water or sewer) for which the report was prepared.

c. Provide a copy of this study.

24. a. Has Cynthiana subsequently prepared or commissioned a cost-of-service study to determine the appropriate rate for its water service to Harrison County?

b. For each subsequent study:

(1) Who prepared this study?

(2) Provide the preparer's curriculum vitae?

(3) List all cases before the Commission in which the preparer has submitted a cost-of-service study.

(4) List all utilities (municipal or public) for which the preparer has prepared a cost-of-service study. For each utility, identify the type of utility service (water or sewer) for which the report was prepared.

(5) Provide a copy of the cost-of-service study.